

Evening Telegraph

THURSDAY, MAY 10, 1866.

The Consolidated Debt Bill.

THE only serious objection which seems to be urged against Secretary McCULLOCH's plan of funding the interest-bearing portion of our national debt into a long five per cent. loan, is that feature of it which proposes to make the stock entirely free of all taxation, municipal, State, or national. If this were wholly a new feature, it might be expected to encounter opposition; but it is not. Not a dollar of our national debt is now subject to municipal or State taxation. It has never been the policy of the Government to subject its obligations to the uncertainties of such burdens, for the simple reason that it would thereby put itself completely at the mercy of the States. A United States stock, subject to State or municipal taxation, might, and its entire interest eaten up in that way, and thus become utterly valueless as an investment. The most that could be done, if such a policy were entered upon at all, would be to fix a limit beyond which local or State taxation should not be imposed. But even this is impracticable with reference to our present debt, because it was contracted under an agreement that it should be free from such taxation; and any violation of that agreement would be repudiation, which, of course, is not to be thought of.

State or municipal taxation of United States bonds is therefore out of the question; and the only remaining consideration is whether the Government would make more money by allowing the debt to remain in its present form, subject to its present rate of national taxation, and bearing its present high rates of interest, or by funding it into a long loan at a reduced rate of interest and free of all taxation? The present taxation of national bonds is the tax upon the income arising from them. Senator SHERMAN, in introducing the pending bill, said of this present income tax upon United States bonds, that it did not realize to the Government one-tenth of one per cent. on the aggregate debt. He says:— "It cannot be denied that a strong feeling grows out of the exemption from State taxation of so large an amount of property, and various propositions have been made to subject them to taxation by the United States. While they bear interest at a rate equal to that paid in most of the States on notes and securities subject to tax, this feeling of inequality will continue to increase. They are now subject to income tax levied by the United States, but owing to the six hundred dollar exemption, now proposed to be increased to one thousand dollars, and also to the large amount of bonds abroad, which cannot be reached, and the readiness with which the tax is evaded, it came to the United States less than one-tenth of one per cent. on the aggregate debt. In consideration of the reduction in the rate of interest from six and seven and three-tenths per cent. to five per cent., the bill proposes to extend the present exemption from State taxation to the income tax, and will, in effect, secure to the United States a reduction of one-sixth of the present interest fund, with but the trifling loss of the income."

Suppose, then, we take the Seven-thirties, and convert them into the proposed five per cent. stock, and free it from the income tax; how will the operation stand? We shall lose the income tax, amounting to one-tenth of one per cent.; we shall save the reduction of interest from seven and three-tenths per cent. to five per cent.; our net gain, therefore, will be two and two-tenths per cent.

Upon the six per cent. stocks we shall save by the reduction one per cent.; and deducting the one-tenth of one per cent. income tax, we have a net gain of nine-tenths of one per cent. The gain, therefore, to the Government by giving up its income tax, if it can thereby secure the funding of the debt into a five per cent. loan, is at a rate of 22 to 1 upon the Seven-thirties, and 9 to 1 upon the six per cents. As a financial operation, then, we had much better give up the insignificant income tax, and secure the reduction of interest.

As we remarked the other day, this saving so far as the payment of interest is concerned, is equivalent to the wiping out of two hundred and seventy-five millions of the principal of the Seven-thirties, or three hundred and thirty-three millions of the six per cents. That is, were two hundred and seventy-five millions of the Seven-thirties or three hundred and thirty-three millions of the six per cents. to be paid to-day, and our total debt thus much reduced, the amount of interest we should thereby save would be just equal to what we would save by the proposed funding of the present debt into a five per cent. loan. As a matter of national economy, therefore, the taxation of the bonds had better be given up, if the proposed reduction in interest can thereby be secured.

But there is another view of this question of taxation worthy of consideration. The feeling against the exemption of United States bonds from taxation arises almost wholly in connection with municipal and State taxation. It is where a city or a State finds that its revenues are diminished by this exemption that complaints are made. The reduction of the rate of interest upon national securities to the low figure of five per cent. would go far to remove all occasion for these local grumbings. Where, as in our State, the legal rate of interest is only six per cent., and the holders of Government loans are many of them receiving seven and three-tenths per cent., there seems to be just ground of complaint if the latter are exempted from taxation. But if the Government interest were reduced to five per cent., this invidious discrimination would be done away, or, at least, would be less manifest than it is now. However, this freedom from taxation is not an essential part of Secretary McCULLOCH's plan for consolidating the debt. Its object is to create an inducement for the taking of the new loan. If the funding can be accomplished without that inducement, so much the better.

As Senator SHERMAN shows in his speech, the saving of interest by consolidating the debt as proposed will be sufficient to create a sinking fund which, in thirty-five years, will extinguish the debt. "The effect is to pay the national debt by the saving of interest."

The arguments for the bill are so numerous and of such evident weight, that we do not wonder at the almost universal expression of sentiment in its favor. No financial measure since the war begun has commanded such general approval.

Growth and Resources of the West. Few persons realize the extent and resources of our country. A glance upon the map, it is true, will show that more than one-half of it is, as yet, uncultivated and uninhabited. The vast regions west of the Missouri are comparatively untouched; but even with reference to some of the older States there are prevalent only the vaguest ideas as to their condition and capacities. How many people at the East are aware that its State of Illinois is already the fourth State in the Union in population, and by the census of 1870 may be found to be the third? And yet, as the traveller whirls across the broad prairies by any of the numerous lines of railway traversing the State, it will seem to him that not one acre in a hundred of the land is under cultivation. The same number of inhabitants to the square mile that Massachusetts has would give Illinois a population of nearly nine millions.

Missouri is now the seventh State in the Union as to population. She is probably receiving, at the present time, a larger immigration than any of the other States. She has as soil as productive as that of Illinois, iron ore in great abundance as Pennsylvania, coal underlying the whole State, rich mines of lead, and inexhaustible springs of salt. The Mississippi river skirts her eastern boundary; the Missouri washes half of her western border and traverses the entire State; two great lines of railway span her territory from east to west, while a third penetrates towards the southwest, and a fourth to the northwest; and her commercial metropolis is already the chief city west of the Alleghenies. This State has an imperial domain larger than all the New England States combined, a half larger than Pennsylvania, almost as large as New York, New Jersey, and Maryland—its resources are unrivalled, and its capacity for sustaining a dense population is not exceeded by that of any other State. Give it a population per square mile equal to that of Pennsylvania, and it would have more than four millions of inhabitants; equal to that of Massachusetts, and it would have over ten millions! Such facts as these are food for thought. They show us where the preponderating material and political power of the country will ere long be located. "Westward the Star of Empire takes its way."

Admission of Colorado—Her Population. We see it stated that the population of Colorado is "barely fifteen thousand;" and that the bill for its admission as a State is to be voted on that ground. Colorado polled last November 7253 votes. The ratio of voters to population all over the country, in 1860, was nearly one to seven. According to this vote, Colorado would have a population of about 50,000. She furnished several fine regiments to the United States service during the war, and no soldiers in the Western Department were better or braver than hers.

It has never been the practice, in the admission of new States, to insist upon any fixed standard of population. The vote of Colorado last fall was larger than that of Nevada. There is a great clamor in certain quarters for the admission of Florida, among other States, just now; yet Florida polled last fall, at an election for Governor, less than 4000 votes. Her whole free population, in 1860, was less than 80,000. It might be well to lay down the rule that no States shall be admitted into the Union unless they have a population entitling them to at least one member of Congress; but the rule should be a uniform one, and apply to all cases. We apprehend that if Colorado is kept out now, it will be from political considerations primarily, and not from want of population.

ADMIRAL NUÑEZ'S REPORT.—The report of the Spanish Admiral NUÑEZ is but another verification of the old proverb, that there are two sides to every question. The first reports that we heard of the bombardment of Valparaiso were all strongly biased in favor of Chili; and it was very natural that our people should sympathize rather with a struggling republic, even if in the wrong, than with an old monarchy so tyrannical as that of Spain. But the account of the difficulty, as given by Admiral NUÑEZ, unless utterly false, throws on a new light the discussion. For instance, he states of the American Minister:— "He insisted, nevertheless, in proposing another plan, which was that I should write a manifest, stating that since nothing could prevent the bombardment, I would desist and spare Valparaiso. The Commodore thought that such an act of generosity would be appreciated by the Government of Chili, which would then declare its readiness to accede to my demands. My reply was, that although by so doing I would incur the heaviest responsibility, still, for the sake of peace, I would accept the proposition, provided a member of the Chilean Government would guarantee to me personally, in the presence of the American Minister, that my proceeding would be appreciated and reciprocated. The proposal of the Commodore was nevertheless rudely rejected by Chili."

Making allowance for the national prejudice due to his position, we cannot but view the rejection of such an offer by Chili as a reckless challenge for the destruction of the city. We have now heard the American naval account, the newspaper and the Spanish account, but still it would be unfair to form a final judgment. We must wait until the Chileans speak for themselves, and the English Minister exculpates himself from the severe censure which still rests on his conduct.

VALPARAISO.

Further Details of the Bombardment— List of the Property Destroyed—More about Commodore Rodgers' Diplomatic Feats—Indications of the English and Their Naval Commander and Resident Minister—The First Presented with a Wooden Sword and the Latter Turned Out of His Hotel and Club—Refrainment of the Spanish Fleet—Preparations to Meet the formidable Peruvian Iron-Clads—French Designs in South America—Imperial Documents Discovered at Lima Showing that France and England are Interested in the Spanish-Chilian War.

UNITED STATES STEAMER "VANDERBILT," OFF VALPARAISO, April 8.—I failed to get off a letter by the last steamer from this port. I learn that the Pacific sails to-morrow, and send you some brief particulars about the bombardment which your correspondent in this city has doubtless not given.

COMMODORE RODGERS' DIPLOMATIC FEATS. When the *Vanderbilt*, *Monadnock*, and the vessels of the squadron reached here they were admitted to the harbor by the Spanish blockade-adeir fleet without any demurrer. The Chileans thought we had come to help them by force of arms, and the Spaniards thought so too. In fact, we believed so in the fleet; but it has turned out differently.

Inmediately on his arrival Commodore Rodgers made diplomatic efforts to adjust the difficulty, but without avail. Negotiations were some time pending, and it was reported on board the vessels that Commodore Rodgers had succeeded in getting the day set for the bombardment postponed, in anticipation of a final adjustment, and subsequently that he had positively forbidden the bombardment. But this is all nonsense, as of course there is no law or precedent which could authorize a neutral power, single-handed, in preventing a belligerent from firing on a belligerent city after due notice had been given.

A NICER BIT OF REVENGE. The course of Commodore Rodgers and General Kilpatrick has gained them the admiration of all classes—the Spaniards, Chileans, English, and French—and has given us of the fleet one of the sweetest revenges ever enjoyed by man, which I will endeavor to explain that all Americans may enjoy it. As far as this fleet has been, the foreign part of the position, it is the South American coast have been seceded, and during our war they were assaulting to "Yankees" as they dared to be. The English residents at Valparaiso were particularly "our dearest friends," and hated us most cordially. During the Rebellion they repeatedly informed the people of the country that the United States were "played out."

At this place the idea of American iron-clads going out to sea was laughed at and kept as a standing joke ever since the days of the first ill-fated *Monitor*. They laughed at the comparison of an American iron-clad with the *Leander* and *Sulley*—both crack English vessels—or even with the *Albatross*. Great was their derision when they saw the English fleet go to bombardment, and greater their chagrin when, seeing the English and French vessels leaving the harbor, they were compelled to go to Commodore Rodgers and beg the protection of the American chest-plate *Monadnock* and *America*. It was hugely gratifying to see these same people, who have been abusing us for the last four years, asking the protection which their own fleet could not or would not afford.

English interests in Valparaiso are immense. American interests but a mere fraction, and the revenge was cheap, and those on shore who had to suffer enjoyed it. I believe it did the heart of the old Commodore good to refuse them a battle at sea, and to let them be burnt in the fire. The French Minister asked protection for French interests.

"Excuse me," said the Commodore, "you had a squander here." "Fardon," replied the French Minister, "it sells to-day, and abandons us to our fate." The Prussian Minister, the Italian Envoy, too asked aid, but no aid could be tendered them. The English residents got frantic, and, on the day before the bombardment, published the following advertisement in the paper:—

FOR SALE OR TO RAIL. Her Britannic Majesty's steam frigates *Leander* and *Antelope*. These new and safe vessels can be bought or chartered, to go anywhere or for any purpose, except to fight. Inquire, for terms, to Jack Leaman, Captain on board, of G. H. H. Thompson, Minister Resident at Santiago.

The Americans chuckled with delight, perfectly content to suffer themselves to see the agency of the French and English. On Saturday the English residents sent off to the English Admiral a handsome cane, in which was a handsome wooden sword. The English Minister, Thompson, came to Valparaiso and left in a hurry the day before the bombardment. His room at the hotel was entered and his dispatches taken, and on his return he was told that he was given notice to quit by the proprietor. He was also turned out of the club of which he had been a member for the last forty years. The English fleet is now at a discount, the officers do not go ashore, and they are "damned all in heaps." On the contrary, the English residents say we are "bully boys," and swear by John Rodgers, although he didn't save their property.

IMPORTANT DOCUMENTS BROUGHT TO LIGHT. The Chileans, too, are proud in their praise of us. More than this, they have shown their gratitude in an important service. Certain highly important documents sent to the Chilean President by the Director of Peru have been given to General Kilpatrick and forwarded by him to Washington. These documents came to light in this manner:—Some time ago a French stranger suddenly died in Lima. The Peruvian Government took charge of his papers, and among them discovered documents which proved him to have been a French agent coming with proposals to the Dictator of Peru to make himself King or Emperor, promising aid in men and money from France, under the Mexican flag, in order to overthrow Maximilian. These papers show that there is a nice little scheme between France and Spain to make a jump at all the South American republics. England approves but does not help by men or money. This whole Chilean war part and part of the plan. This important information goes by this mail to Washington, and you will, doubtless, have more of it very soon from that source.

additional iron-clads. The Spanish force now stands as follows:—

Nunameta, iron-clad 4000 tons, screw.....	60
Villa de Madrid, screw.....	50
Albatross, screw.....	50
Berenguela, screw.....	50
Alcazar, screw.....	50
Mercurio de la Victoria, screw.....	40
Vancouver, screw.....	3
Total.....	295

The arrival of the others will increase this force as follows:—

Trinidad, screw.....	6
Vladimir, screw.....	20
Consuelo, screw.....	20
Admiral for destination.....	28
Making a grand total.....	370

This is a very respectable force, one that can inflict serious damage, and one that respects *Independencia*, Peruvian iron-clads, may not be so easy to destroy as they suppose. THE FUTURE MOVEMENTS OF THE SPANISH SQUADRON are unknown, but you may expect to hear by any arrival of a reputation of the scenes at Valparaiso, which can't lose regard to leave a portion of its fleet to maintain the blockade of Valparaiso while he moves north or south on his errand of destruction. He may, however, and probably will keep his forces well in hand until the Peruvian iron-clads make their appearance.

CONDEMNATION OF THE ACTS OF THE BRITISH AND FRENCH AUTHORITIES. The British residents of Santiago have condemned the resolutions of their countrymen in Valparaiso, in which the conduct of their Charge and Admiral was so severely condemned for not having prevented by force the bombardment of Valparaiso, and consequent destruction of their property and loss of their possessions was forwarded by the last mail. It is also stated that the French residents in Valparaiso had presented their claims for the damage they had sustained by the bombardment.

LOSSES SUSTAINED BY THE BOMBARDMENT. The following is a statement given of the losses sustained by the bombardment and fire created thereby:—

Public property.....	\$422,500
Private property.....	450,500
Furniture.....	100,000
Merchandise.....	9,200,000
Total.....	\$10,183,000

HOW DIVIDED.

Public property.....	\$422,500
To Chileans.....	362,500
To foreigners.....	59,000
Total.....	\$10,183,000

This estimate is considered below the mark, and the immense difference of the loss sustained by foreigners over the Government and people of Chili is supposed to be given for effect, more than for its extreme accuracy. There is no doubt but that the foreigners have suffered vastly more than the Chileans, as they will whenever any point on the coast is bombarded, for remove everything foreign throughout the length and breadth of these Spanish American republics, and there is little left to destroy.

PROBABLE ENGAGEMENT WITH THE PERUVIAN IRON-CLADS. The other part of Chili that will probably receive the attention of Commodore Nuñez are Coquimbo and Caldera, and then Peru will come in for her share, and probably Ecuador may have a taste of war by being taken from the Spaniards to Guayaquil; but it will be a little while yet before the work is commenced, for the Spaniards will probably have another crack at the feet of the allies to the southward before carrying out the other programme to the northward.

It is clear that the Peruvian *Corvettes Union* and *America* have left the balance of the allied fleet and gone to the Straits of Magellan to join company with the *Huescar* and *Independencia*. I would not be surprised if the Spanish squadron, or a large portion of it, would visit that locality, in order to head off the two expected iron-clads, and try to prevent their reaching the Pacific Ocean. The probabilities are they will do so, and we may next hear of an important and highly interesting naval engagement somewhere in the vicinity of Terra del Fuego.—*New York Herald.*

WILCOX & GIBBS' "Twisted Loop-Stitch" NO. 720 CHESTNUT ST. FAMILY SEWING-MACHINES.

GEDAR GAMPHOR Stiffens insects that breathe through their skins. Excellent defense against Clothes Moths. Sold by druggists every where. HARRIS & CHAPMAN, Boston. It

MISPLER'S HERB BITTERS, WHOLESALE AND RETAIL. J. GRIEL & BRO., GENERAL AGENTS, 810 1/2 No. 48 South SIXTEENTH ST., PHILA.

HAVANA CIGARS. FRESH IMPORTATIONS AND A LARGE VARIETY. OFFERED LOW, AND IN LOTS TO SUIT DEALERS, BY S. FUGUET & SONS, IMPORTERS, No. 216 S. FRONT STREET.

OST OR STOLEN.—E. W. CLARK & CO.'S office on First National Bank, at 509 1/2, dated May 10th, 1866. Payment having been stopped, persons are cautioned against receiving or negotiating the same.

CARRIAGE HORSES.—WILL BE sold at HERBERT BAZALON'S on SATURDAY, 11th inst. a pair of very handsome, well-matched Bay Horses sound and kind, and fine drivers. The owner's name will be given. 519 1/2

SPECIAL NOTICES. (Health Second Page for additional Special Notices.)

ADAMS EXPRESS COMPANY. On and after TUESDAY, May 1, the FREIGHT DEPARTMENT of this company will be removed to the Company's New Building, N. E. cor. of LEVITT'S and MARKET STS. Entrance on Chestnut street and on Market street. Money and collections hereon will be transacted, as heretofore, at No. 20 N. 2d street, small Parols and packages will be received at either office. A list of books will be kept up in office, and any article therein mentioned to be P. M. will receive attention same day, in within a reasonable distance from our offices. Inquiries for goods and settlements to be made at No. 20 N. 2d STREET.

PARDEE SCIENTIFIC COURSE LAFAYETTE COLLEGE. In addition to the general Course of Instruction in this Department designed to lay a substantial basis of knowledge and scholarly culture, student can pursue those branches which are especially attractive and useful in the arts.

THE GRAND ORGAN J. C. B. STANBRIDGE, ST. CLEMENS CHURCH, TWENTY-THIRD AND CHERRY STREETS, will be formally opened on FRIDAY EVENING, May 11, 1866, at 8 o'clock.

THE GREAT LECTURE. "THE TWO THEATERS" by Major A. B. ALLEN, will be delivered in CONCERT HALL, May 12 at 8 P. M.

EDWIN HALL & CO., No. 28 S. SECOND STREET, WILL OPEN THIS MORNING.

Popular Black Iron Barges, WITH THE HEAVY MESH, IN THE 3-4 AND 8-4 WIDTHS.

FANCY SILKS. EDWIN HALL & CO., No. 28 SOUTH SECOND STREET, PROPOSE OFFERING FROM DAY TO DAY.

FANCY SILKS, AT A GREAT REDUCTION IN PRICES FROM FORMER RATES. EDWIN HALL & CO., No. 28 SOUTH SECOND STREET, OPENED THIS MORNING.

REDUCTION IN PRICES. EDWIN HALL & CO., No. 28 SOUTH SECOND STREET, OPENED THIS MORNING.

SUMMER POPLINS, TWO CASES, ONE HUNDRED PIECES, OF FANCY SILKS, AT A GREAT REDUCTION IN PRICES FROM FORMER RATES. EDWIN HALL & CO., No. 28 SOUTH SECOND STREET, OPENED THIS MORNING.

FREEMAN & CO. ARE NOW OPENING, AT No. 45 North SECOND Street, BETWEEN MARKET AND ARCH, Rich Parlor and Chamber Furniture, In Black Walnut, Rosewood, or Mahogany.

HIESKELL'S MAGIC OIL CURES TETTER, RYSPHLEAS, ITCH, SCALD HEAD, AND ALL SKIN DISEASES. WARRANTED TO CURE OR MONEY REFUNDED.

ASHMEAD'S PHARMACY, No. 336 South SECOND street. Price 25 cents per bottle. 424 2nd St.

DRY GOODS. PRICE & WOOD, HAVE OPENED THEIR NEW STORE, At the Northwest Corner of EIGHTH and FILBERT Streets.

BLACK SILKS. Cheap lots of Dress Goods. Bought very low at the late auction sale. Black all-wool. Detaines, double width, 55 and 75 cents.

WHITE GOODS. Just opened, 5000 pieces Cambric, Japoneta, Nainsook, Victoria Laces, Swiss Muslins, White Piques, Striped and Plain Nainsooks, Muslins, Striped and Plain Cambric Muslins, Hair Cord Strive Muslins.

BLACK SILKS. THE LARGEST AND CHEAPEST STOCK OF GROS GRAINS AND TAPPETA SILKS IN THE CITY.

AT M'ELROY'S, No. 11 South NINTH Street, ABOVE CHESTNUT.

FRENCH CASSIMERE AND COATINGS. FROM AUCTION. CURRIE, STODDART & BROTHER, No. 40, 42, and 44 N. SECOND Street, Above Willow.

RIGHT FAMILY CASSIMERE, FOR LADIES' SACQUES, &c. CURRIE, STODDART & BROTHER, No. 40, 42, and 44 N. SECOND Street, Above Willow.

REMOVAL. COCHRAN & GOWEN, Stock and Exchange Brokers, HAVE REMOVED TO No. 111 SOUTH THIRD STREET, Opposite the Banking House of Jay Cooke & Co. 75 1/2

LA PIERRE HOUSE, PHILADELPHIA. This well-known House, having been thoroughly renovated and newly furnished throughout, in the most modern style, will be re-opened for the reception of guests on Saturday, May 12, 1866.

BAKER & FARLEY, PROPRIETORS. No. 3—The House will be open for the Association of the public on SATURDAY, May 10, from 10 to 12 o'clock P. M. 53 1/2

GERMANTOWN RESIDENCE FOR RENT.—A large House, with all the modern conveniences, extensive grounds, and plenty of shade; stable for three horses; with 100,000 square walk of railroad station. Will be rented with or without the stable. Address Box No. 1065, Philadelphia Post Office. 71 1/2

REMOVAL. COCHRAN & GOWEN, Stock and Exchange Brokers, HAVE REMOVED TO No. 111 SOUTH THIRD STREET, Opposite the Banking House of Jay Cooke & Co. 75 1/2